

HOUSE BILL REPORT

HB 1554

As Passed Legislature

Title: An act relating to the definition of "farm and agricultural land" for purposes of current use property taxation.

Brief Description: Clarifying the definition of "farm and agricultural land" for purposes of current use property taxation.

Sponsors: By Representatives Morrell, Buri, Grant, Holmquist, Newhouse, McDonald, Conway, Blake, Quall, Linville and Miloscia.

Brief History:

Committee Activity:

Finance: 2/16/05, 2/23/05 [DP].

Floor Activity:

Passed House: 3/8/05, 98-0.

Passed Senate: 4/6/05, 49-0.

Passed Legislature.

Brief Summary of Bill

- Includes the wholesale value of agricultural products donated to nonprofit food banks or feeding programs in the income used to qualify for current use property tax assessment of farmland.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 9 members: Representatives McIntire, Chair; Hunter, Vice Chair; Orcutt, Ranking Minority Member; Roach, Assistant Ranking Minority Member; Ahern, Conway, Ericksen, Hasegawa and Santos.

Staff: Rick Peterson (786-7150).

Background:

Most property is valued or assessed at its true and fair, or highest and best, value for purposes of imposing property taxes. The state Constitution, however, allows the Legislature to enact legislation assessing certain types of real property at its present or current use for purposes of imposing property taxes. Two programs of current use valuation have been established: one program for forest lands and a second program that includes open space lands, farm and agricultural lands, and timber lands.

Farm and agricultural lands must be devoted primarily to commercial agricultural purposes. To qualify for classification as farm and agricultural land, land of less than 20 acres must meet income tests for three of the previous five years. For classified farm and agricultural land for which an application was made before January 1, 1993, and that has not been transferred to a new owner since January 1, 1993, farm parcels of less than five acres must generate \$1,000 in farm gross income, and farm parcels of between five and 20 acres must generate \$100 per acre. For other classified farm and agricultural land, farm parcels less than five acres must generate \$1,500 in farm gross income, and farm parcels of between five and 20 acres must generate \$200 per acre.

Department of Revenue rules adopted to administer the open space current use laws require cash income from agricultural production in order to meet the income requirement of farm and agriculture current use program.

Summary of Bill:

Participants in the farm and agricultural current use property program may use the wholesale value of agricultural products donated to nonprofit food banks and feeding programs to satisfy the farm income test.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: The Mother Earth Farm produced 107,000 pounds of food last year which was donated to food banks. Over 1,400 volunteers, school children and adults worked at the farm. The farm is surrounded by development. The farm is flourishing but is zoned as residential property. Tax relief will help maintain the farm. Many farmers donate farm produce to food banks but also have other income to qualify for the farm use program or are over 20 acres. They support allowing farms that donate all of their production to food banks to be part of the current use program.

Testimony Against: None.

Persons Testifying: Representative Morrell, prime sponsor; Carrie Little, Emergency Food Network; and Dan Fazio, Washington Farm Bureau.

Persons Signed In To Testify But Not Testifying: None.